

September 6, 2006

Mr. Les Boles, Director
State Budget and Control Board
Office of the State Budget
1201 Main Street, Suite 950
Columbia, South Carolina 29201

Dear Mr. Boles:

We appreciate the opportunity to submit a budget plan for the fiscal year 2007-2008. The State Accident Fund does not anticipate the need for any additional capital funds or FTEs for this period. The agency's budget request will be \$10,000 less than the 2006-2007 appropriations.

Sincerely,

Harry B. Gregory Jr.
Director

cc: Beth Campbell, Budget Analyst

FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

I. 2% COST SAVINGS ASSESSMENT

- A. Agency Section/Code/Name: Section 44 / R12 / State Accident Fund
- B. Agency Activity Number and Name: 1326 Workers' Compensation Insurance Services
- C. Explanation of Cost Savings Initiative:
- Contracting out Medical Bill Review and Reduction: Currently in the process of soliciting bids for the medical bill review and reduction process. If successful, this would reduce our unallocated claim adjustment expenses, allow costs to be allocated directly to the respective claim, and reduce our staffing levels by one full time position (\$23,918).
 - Work Process Reengineering and Work Redistribution: The agency has redesigned several processes and has reassigned duties to preclude the need to quickly fill recently vacated positions. This resulted in the agency being able to absorb the last 3 percent pay increase (approximately \$90,765) without having to request an increase in personnel services for FY 2007-2008.
- D. Estimate of Savings:

FY 2007-08 Cost Savings Estimates:	General	Federal	Other	Total
Personnel:				
(a) Number of FTEs			1.00	1.00
(b) Personal Service			\$114,683	\$114,683
(c) Employer Contributions			\$32,684	\$32,684
Program/Case Services				\$ 0
Pass-Through Funds				\$ 0
Other Operating Expenses				\$ 0
Total	\$ 0	\$ 0	\$147,367	\$147,367

E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):
The agency hopes to avoid any reduction in the level of service as a result of contracting out of Medical Bill Review and Reduction by selecting an experienced provider. By reducing training time and increased supervisor involvement, the agency plans to minimize the impact of limited depth in critical positions.

F.

Summary of Cost Savings Initiatives for FY 2007-08:	FUNDING				FTEs			
	General	Federal	Other	Total	State	Fed.	Other	Total
Initiative Title: Contracting Out Medical Bill Review and Reduction	0	0	\$30,735	\$30,735	0	0	1	1.00
Activity Number & Name: 1326 Workers' Compensation Insurance Services								
Initiative Title: Work Process Reengineering and Work Redistribution	0	0	\$116,632	\$116,632	0	0	0	0.00
Activity Number & Name: 1326 Workers' Compensation Insurance Services								
Initiative Title:	0	0	0	\$ 0	0	0	0	0.00
Activity Number & Name:								
TOTAL OF ALL INITIATIVES	\$ 0	\$ 0	\$147,367	\$147,367	0.00	0.00	1.00	1.00

FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

II. PRIORITY ASSESSMENT OF AGENCY ACTIVITIES

- A. Agency Section/Code/Name: Section 44 / R12 / State Accident Fund
- B. Agency Activity Number and Name: 1326 Workers' Compensation Insurance Services & 1325 Administration
- C. Explanation of Lowest Priority Status: The agency has a very specialized mission. We have only two activities, each of which is dependent upon the other and therefore can not be independently prioritized.
- D. Estimate of Savings: Not Applicable

Estimate of Savings:	General	Federal	Supplemental	Capital Reserve	Other	Total
Personnel:						
(a) Number of FTEs	0	0	0	0	0	0.00
(b) Personal Service	0		0	0	0	\$ 0
(c) Employer Contributions	0		0	0	0	\$ 0
Program/Case Services	0	0	0	0	0	\$ 0
Pass-Through Funds	0	0	0	0	0	\$ 0
Other Operating Expenses	0	0	0	0	0	\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

- E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):
Not Applicable

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[illegible]